

Lloyds Online Acquisition

Joyce Corp Broker Presentation July 2016

Executive Director Anthony Mankarios

All data is unaudited

Joyce Corporation Ltd

Transaction Overview

- Joyce Corporation Ltd (ASX:JYC) purchased 51% equity in Lloyds Online Auctions Pty Ltd.
- Consideration: Initial payment of \$6 million, equating to a 4x normalised maintainable adjusted EBITDA FY2016 valuation.
- Funded by a cash payment, with no dilution to existing JYC shareholders.
- JYC expects transaction to be earnings per share and EBITDA accretive in FY2017.
- Takes JYC into online consumer market, gaining valuable IP and access to new markets.
- JYC will have 3x Directors appointed to the Lloyds Board.
- Purchase includes Fixed assets, cash on hand, IP and the valuation and site auction business.

Joyce Corp acquisition of 51% in Lloyds Online

Impact on Joyce: FY2017

- Lloyds EBITDA expected to be >\$3 Million in FY2017 (100%).
- On a fully franked basis Lloyds is expected to add 3.85 cents net earnings per share to JYC in FY2017 (5.54 cents per share on EBITDA basis).
- An expected uplift potential to JYC shareholder value on current market net yields of 5%-7% of approximately \$0.55-\$0.77 per share.
- Total group network written sales forecast to be \$170M-\$200M in FY2017 (up +40%).
- Expected to add \$10 Million to JYC's Consolidated Revenue, an expected uplift of approx +15% on estimated FY2016.
- JYC remains bank debt free.

Lloyds Historical Information

- Lloyds online constantly delivers the best valuation to auction results for its clients. Whilst providing consumers with a opportunity to bag a bargain.
- www.lloydsonline.com.au
- 2016 Est Revenue \$10.5 Million, up +10% up on 2015.
- 2016 Est normalised EBITDA \$2.85 Million up +44% on 2015.

Rationale behind acquisition

- Acquisition in-line with JYC declared strategy of adding shareholder value and aiming to improve dividend payouts year-on-year.
- Acquisition strategically aligned to acquire IP in the online sector of the consumer products sector.
- JYC has always maintained it specialises in partnering and adding value by investing in Australian companies providing counter cyclical advantages with solid underlying performance growth potential and cultural best fit to the JYC organisation.
- Continues to add growth to future overall performance, potential top line and bottom line.
- Founder Mr. Andrew Webber will be retained to help grow the business moving forward.

Trading update for JYC - 30th June 2016.

- Bedshed network written (L4L) sales up +5%.
- KWB Kitchens YOY Sales up +28%.
- Lloyds 2016 YOY annualised Revenue up +10%.
- Construction on new corporate premises in Osborne Park (WA) commenced and is expected to finish in December 2016.
- Total Group Cash in bank approx \$8 Million (post acquisition).
- Net earnings expected to lift on a underlying performance basis (excluding effect of the property valuation in 2015.)
- *** (these statements should be read in context with the disclaimer.)

Outlook

- Bedshed aims to lift store numbers in 2017 with new Franchise stores offerings across QLD and NSW.
- KWB-Retail Kitchens plans to lift store growth with a minimum 2 new stores already signed up late in 2017.
- Lloyds Auctions- plans future expansion into metropolitan areas in other capital cities.
- The Group continues to have further acquisition aspirations and is on its way to becoming one of the fastest growing profitable listed companies in Australia.

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